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Draper, Andrew Sloan

The banker and the  
community life

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# THE BANKER AND THE COMMUNITY LIFE

AN ADDRESS BEFORE THE  
ILLINOIS STATE BANKERS' ASSOCIATION  
AT ROCKFORD, ILLINOIS

WEDNESDAY, OCTOBER 24, 1900

BY

PRESIDENT ANDREW S. DRAPER, LL.D.

OF THE

UNIVERSITY OF ILLINOIS

## THE BANKER AND THE COMMUNITY LIFE

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*Mr. President, and Gentlemen of the Illinois State Bankers' Association:*

I would not have you think that I am weak enough to suppose that I have been politely invited to make this address with a view to the instruction of bankers, in either theoretical or practical banking.

If unfamiliarity with the facts makes for a free flight of fancy I might claim a very adequate preparation for the illumination of theoretical finance and for making a paper scheme for the organization and administration of successful banking. My knowledge of practical banking has been derived, principally, from the strenuous efforts I am periodically obliged to put forth in order to make the balance on the stubs of my check book conform to the amount which appears at the foot of my written-up account. Perhaps I ought to mention, however, the educative influence of the more frequent exercise of mental energy necessary to make certain that the small account which I ordinarily have with a bank does not dissolve into an account which the bank has with me.

The regularity with which I am checked up in this matter, and the certainty that when our balances differ, that of the bank will invariably prove to be correct, stimulates my admiration for the man who can settle the affairs of my little financial world so completely, and at the same time perform the more difficult task of mapping out, for a considerable constituency, the line between aggressiveness which is essential to the enlargement of busi-

ness and that conservatism which is imperative to security and stability.

The qualities of the successful banker, and the functions of the successful bank, have been revolutionized by the wonderful changes in economic, social and business conditions through which we are passing.

Not long ago the president of a college was chosen because he had made a considerable reputation as a teacher of mental and moral philosophy; he was hardly deemed eligible to the place till his productive years were practically over; he was expected to live a sort of hermit and deified life, to teach involved subjects in which the wide world had little interest, to assert dogmas which no one could either prove or disprove, and fully to occupy the rest of his time in telling the boys what they must not do. Students were to come to his institution, or not, as their fathers saw fit; they were to follow the classical course if they did come, for there was no other; they were lectured to from a throne, rather than led to do things in the crowd; they were catechised and humiliated if answers did not articulate with interrogatives, and they were persistently sat down upon because if allowed to do things they might want to do they would get into the perverse habit of having their own way and be ruined for life.

The old theories in college life have been about discarded, and the old regime has almost passed away. The institutions which cannot or will not re-adjust themselves are sinking below the horizon. Some are waving their hands to the world in graceful acceptance of the stern logic of events, and some are making faces or shaking their fists in undignified and unrighteous wrath that the clear morning of the twentieth century does not belie the gorgeous sunset of the nineteenth.

The college president is no longer a monarch, or an autocrat. Like men in other positions of responsibility he comes to prominence as success

brings to his support the respect and the help of the world. Success depends even more upon his familiarity with affairs, and upon his outlook, than upon his scholarship, for administration is not conducive to deep learning, and he cannot be expected to rank with specialists who lead innumerable departments into the farthest crevices of human learning. Success depends upon holding together in mutual regard and fraternal respect all the diverse interests and the diverging thoughts of the delicately constituted and highly specialized minds of many teachers, and this can come from nothing short of entire intellectual freedom, from liberty of expression, and from a general policy compounded out of many minds, and certainly influenced and perhaps led from the high vantage ground of a general officer who is at the heart of the institution's wonderful life. Success comes from knowing what the world wants, and from mapping out a general policy which can render larger service to the world than others are able to do. It comes from multiplying offerings which apply to the world's activities, and which participate in and energize them, as well as from securing and steadily purging and reinforcing a body of teachers who have genuine sympathy with students, who know that the way to teach is through doing, who welcome mistakes because of the privilege of correcting them, who are content to let minds develop normally and not to insist upon forcing them into grooves into which they will not fit, and who can find real joy in getting into the crowd and marching with the procession as it swings elastically and irresistibly along the great highways of modern life.

One cannot bring all this about by decrees from a throne. This kind of work is not led by a man on horseback. No one man can do it without a great deal of help. If accomplished at all it results from the compounded wisdom of many minds, and the combined strength of many hands. And these minds and these hands must belong to men and

women whose strongest attachments are for the common brotherhood, whose highest ambitions are to advance the life of the multitude, and who have brains enough to know that they best serve themselves who best serve mankind.

In all this the individual accomplishes the most and gains the leadership who can wear a swallow-tailed coat with entire comfort, and who can remove his gloves, put on a blouse and wipe off and oil the machinery without humiliation, or turn up his trousers, get down into the pit, rake out the clinkers and shovel coal under the boilers with genuine satisfaction.

I have used this illustration because it was ready at my hand, and because it is as significant as it is convenient. The revolution in the organization and administration of the colleges is hardly greater than the revolution in the organization and administration of the banks; and the one change as well as the other has taken place because of the progress of the democratic principle in the world, because of the sharpening of wits, because of the enlargement of experience, because of the demands and the reactions and the larger outlook of modern life.

A friend of mine, a most successful president of one of the foremost national banks in an eastern state, a bank whose stock is worth three hundred and eighty and none on the market, a president whose father was a man of national reputation and the highly successful president of the same bank before him, said to me not long ago: "If I had pursued the same methods my father followed I should have been discredited long ago. This room was his castle. Here he sat in state. What business was done, was done here. Men came in here with hesitation and solemnity. They felt like leaving their shoes at the outer door; they presented their petitions with humility; and they accepted the discount of bankable paper, at rates very satisfactory to the bank, as a personal favor and a precious boon. And right there, aside from honoring our depositors'

drafts against their own money, the business of the bank very nearly ended. Now, we have to hustle for accounts. We are commonly hunting for men with established standing or good collateral, and begging them to use our surplus at rates of interest quite satisfactory to themselves. Indeed, one of my main functions is to think up and encourage both private and public enterprises which will create the need of money. There are mighty few sandals left at my outer door. The endless tramp through our bank is by independent men with a free swing and an erect carriage. They know that we need their business quite as much as they need our service. Unless we serve them thoroughly they will give their business to another institution that will. If my father was once 'the whole thing' in this bank I am very far from it. He was a law unto himself. I am but one wheel in a great machine. The whole machine is subject to the regulations of the government, to the enduring principles of sound finance, to the common law of business, to the inevitable trend of enterprise, to the inexorable drift of trade. Little of my time is really spent in the bank. I am here an hour or two a day, but do a small part of my business here. The things that help the bank most are done outside of it. The 'boys' can easily enough attend to all ordinary matters here. If one of our customers gets in trouble they can generally take care of it. They have got so they can diagnose business disease, and prescribe remedies, and see that the infection is not communicated to us. They can even cut off fingers and toes, and bring carbuncles to a head and let them out: if a capital operation is necessary they let me know and I come down and attend to it, or stand between the bank and the patient until the last sad scenes are over."

My friend who does all this is, of course, a different order of man from his father. Really, though perhaps not relatively, he is a larger and a broader man, for the better schooling and the new condi-

tions have developed in liberal measure the inherited aptitude which his father transmitted to him.

Of course there are bankers and bankers; or better, there are bankers and alleged bankers. Every honorable business has its camp followers. Some of them are well enough in their way, and their way might be well enough if they did not misplace themselves and lead the common mind into confusion. Pettifoggers who have caught up the catch words of a law office are not lawyers; men who have learned only the obvious qualities of drugs are not physicians; cooks and sutlers do not constitute an army; runners and heelers do not make a political party. Huckstering and dickering, and squeezing the life out of people by the methods of a refined highwayman, is not banking.

The largest factor which the banker may be expected to contribute to community life is stability. He is to stand for the common security. Vagaries do not appeal to him. He is not to give himself over to subtle or passing theories. The waves are to roll back from his feet. He is to understand the foundation principles of sound finance and of stable business, and he is to enter into no social, professional, political or business relations which may make it embarrassing for him to support them. He is to know what the standard of values in the commercial world is, and ought to be, and he is to cherish it as a freeborn citizen does Magna Charta and the Bill of Rights. He is not to mix sentiment with banking. He is to be a sympathetic man; he cannot be a sympathetic banker. He may be generous with his own; if he prospers it is to be hoped he will be; if he is not a man of generous impulses he ought not to prosper and it is hoped he will not; but in any event he can not be generous with the interests of his bank.

His influence must help to keep the constituency of his bank from going into unpromising projects, and the community in which he is an important factor from being precipitated into rash and unnecessary enterprises. He is to encourage individual sav-

ing and carefulness, and is to stand uncompromisingly for the business safety of the common interests which are about him. The bank is to proceed prudently, is to pay moderate dividends, and as soon as the undivided surplus and the unclaimed deposits warrant, it is to erect a bank building substantial enough to stand through the ages and to count for substance and durability upon the mind of the passing throng. And the banker no less than the banking house is to become an object lesson which will promote personal thrift and public integrity more than any preachment can.

Prudence in business is no more imperative than proper expenditure. The old saw that "A penny saved is a penny earned" is discredited and outlawed. Very often the penny saved is an opportunity lost. Not infrequently the penny saved means an obligation avoided. Let people whose productive life is over, people who have no capacity or courage for enterprise, and people who have no share in the common burdens, devote their time exclusively to saving. A police officer in the disguise of a banker will suffice for them. But, thank heaven, men and women with quick minds and red blood will always want to do and dare. The real banker will be the adviser and helper of such. From his larger experience and his higher vantage ground he will stimulate them, and aid them, and hold them in check, as may promise to be for their upbuilding and for the common good. It is delicate business, but it seems to me that it is the gist and essence of modern banking.

The banker must stand for public improvements and community progress. He is to favor new court houses, and city halls, and school houses, and better roadways. He is to encourage street railroads, and public waterworks, and lighting plants, and all that sort of thing. He is to help on schools, and libraries and hospitals, and all the other utilities and instrumentalities of modern life. He is not to insist that we shall pay all the bills as we go. Our common

life needs all these things. We are in a period of construction. We are building for the future. The future should help pay. There is a provision in the Constitution of Illinois unreasonably limiting the right of community life to incur indebtedness. Bankers should help get that out. Communities are able to decide for themselves. If they choose well-intentioned but weak men, or ignoramuses, or thieves, to do the public business, and it is badly done, let them suffer the consequences. It will shake them up, and energize their civic thoughtfulness. If they get too deeply into debt they will be profitably occupied in getting out. There is little danger of their getting hopelessly lost, for their bonds will go begging before that. And out of it all the public needs will be better met and good investment bonds will result in larger quantities.

Bonds are what are wanted in these prosperous times. It looks as though we are getting into a situation where a wider outlook and more nerve are in demand. Our republican form of government does not exist for security alone, but for the common progress as well. Let us not hesitate. Let us lay out plans so liberal that our children's children will never say that we were slow. Let us pursue a public policy which will provide work for the hands of the people, and a safe means for the investment of the moneys of the people, and better instrumentalities for quickening the common life of the people.

American banks are not mere storehouses for the people's money; they are the organs and the instruments of the nation's commerce. Commerce is the measure of the application of scientific methods to the nation's resources; the measure of the common discernment, and the common steadiness, and the common persistence as applied to the common possessions: the measure of our agricultural and our mechanic arts, the measure of our advances in thinking and in living, and of our ability to command the markets of the world. We seem to be doing very

well in all this just now. We are to do infinitely more.

No American can travel in the old world without feeling that the limitless agricultural and horticultural products of our stimulating climate and our unequalled soil should be sold to feed the un nourished millions over the sea. We are masters of the world in coal and iron, and iron products, and our mining is yet in its infancy. The whole world is waiting for the output, ready to pay good profit to the operator, and a living wage to the miner. The manufactured goods we have sent abroad have hardly reached the people there. We are sending steel rails and locomotives and iron bridges, all ready to set up, to England and Germany and Australia. That is significant enough. It brings money back to us, and provides better clothing, and better food, and better homes, and better schools for our people. But, important as that is, it is only a drop in the bucket of what may easily be.

Every man in England and France and Germany needs an American clock and an American pocket-knife, for they are better and yet cheaper than can be produced over there. Every woman in England and France and Germany, and in every other country on the round sphere, ought to have a pair of American shoes, for they are better looking, and more comfortable, and more economical than English, or French, or any other shops can turn out. The lines in which we can meet the manufactures of the more inert nations of the world and defeat them in quality and in price cannot be enumerated or foreseen. It is not extravagant, it is but sober truth, to say that we are a people of quicker wits, and a people of larger, though yet latent, resources than any other people on earth. We are bound to know that, so that we may make the most of it.

Since modern invention and discovery have brought the ends of the earth so closely together; since the Almighty has given us such unparalleled growth, and favored us with such inexhaustible



possessions, and established us in such an advantageous position upon the great natural highways of the earth; indeed, since He has thrust us, against our expectations, into the very theater of international activities, why should we not make up our minds to bear a man's part among the men of the world, to bear a nation's part among the nations of the earth, to exert the uplifting influence of a great republic upon all human thought, and to possess our full share of the markets of mankind?

Indeed, my question is but an idle one. Our people have already resolved to do it. American financiers are to carry out the resolution. If it puts enlarged responsibility upon American banks, it brings enlarged opportunities to American bankers. And the men who are the most sagacious, who can take the strongest hold upon the forelock of the future, who can explore intelligently the field of world supply, who can discern the natural highways of trade and master the problems of transportation, who can anticipate the drift of civilization, and who have that enthusiastic spirit which brings ends together and accomplishes things—such men will serve the community in which they live, and in serving their people will serve themselves.

There is considerable self-satisfying surprise expressed in the public press upon the recent fact that some foreign nations have been borrowing money at the centers of American finance. It looks to me as though it is high time that American bankers found considerably wider markets for American money. The wages of labor are going up, and the rate of interest is going down all the time. The reduction of interest upon the endowments of educational and charitable institutions is crippling them. Men and women who have labored long and lived prudently, and supposed they had saved enough to provide a competency for old age, find themselves mistaken through a continually lessening income. There are five millions six hundred thousand depositors in American savings banks, with accounts

which average above four hundred dollars each. Their little income must surely grow less if American financiers do not find a larger call for our accumulated savings. We are all glad enough to see the hours of the hand laborer shortened and his wages lengthened, not only because we wish him well but because we know very well that it improves his state, and the state of his wife and his children, and because we know also that his state is an important factor in fixing the plane of our civilization, and in securing the ends of free government in the world.

But that is not all there is of it. The accumulated savings of long years of earnest striving and patient waiting claim the care and the solicitude of a substantial people no less than do the wages and the hours of daily labor. The safeguard of the interests of all of us lies in stable finance, in yet larger public undertakings, in new markets for our surplus. And why should not the financial prestige of Berlin, and Amsterdam, and Paris, and London, give way before the advancing strength and the quicker insight of New York and Chicago? If we can not meet them and beat them at the centers of the world's financial operations, and then locate the centers where we will, it will be because American bankers fall behind American workmen, and American captains of industry, and American writers and artists and professional men, and American soldiers, and American statesmen, who have already got into competition with their compeers over the sea. No one believes that it will be so.

All this leads on to the conclusion that banking has come to be a profession, and one of very high national and community significance. Then we are to train for it. There is no other training so efficient as actual and successful pioneering. The man who has commenced in a small way, broken out the roads, been actuated and limited by moral principle, given hard knocks and received them, achieved successes without losing his head, sustained re-

verses without being cast down, and who has patiently taken one step after another up to a final success, has had a better training than the schools can hope to give. But it is such a training as the present and future generations of American boys can hardly hope to have. They must succeed their fathers without their fathers' experiences, and perhaps without the stern necessity of their fathers' careful watchfulness and strenuous endeavor. They must gradually assimilate with the work of institutions already established. To become bankers they must become masters of detail and past masters of routine, but infinitely more. They must acquire wide information, but yet much more. They must possess themselves of the underlying and underlying principles of sound finance. They must gain the habit of the student, and that liberal scholarship which is the parent of versatility and of virility. They must be moved by the spirit which would conquer, and which would also spare, and heal, and help.

If American banks would help themselves, and promote the community interests which they hold themselves out to serve, they must make a liberal education the necessary requirement for admission to their service. Bookkeeping, and caring for papers, and running a typewriter, and figuring interest and discount, is not banking, and the modern banker is not to be developed through long apprenticeship at these routine duties that are common in a bank. Indeed, such long apprenticeship is more likely to fix the mechanism of a very useful and an altogether respectable human machine than to produce a banker. And schools which are teaching bookkeeping, and stenography, and business forms, and the like, are not turning out bankers. Indeed, if one of their sons breaks into a bank he will be likely to be told to unlearn what he has learned, for the bank has systems and methods of its own; that they are not to be changed on his account; and that if he chooses to be thankful for the opportunity and

thinks he can endure the operation, they will proceed to drill their methods and ways into him. If he cannot, he would better move on.

I am not saying anything against schools which are taking unlettered youths and trying to teach them these things. Schools which teach anything that lets a ray of daylight into inert minds are to be commended. I am only saying that schools which are merely doing these things are not producing bankers. Good elementary foundations, sound all around preparation in the secondary schools, and then specialization upon professional lines in the college and university, are all essential to the equipment of one who is now to start in a bank with any hope of ever reaching its council chamber.

When one has the general culture; when he has exhaustively and profitably studied the earth's people, and the earth's products, the history of commerce, the evolution of machinery and of transportation, the advances and the applications of the sciences, the economics of labor and the wants of mankind, the laws of business intercourse, the history and philosophy of exchange, and the growth of institutions and industries; when he has acquired a liking for close study along these and similar lines, and concluded that he would be glad to follow them through life; when he also feels certain that he would have a fancy for the details and stands ready to master them, and has plenty of spirit, and no lack of patience, he is reasonably prepared to commence service in a bank. Even then he may fail altogether, or never rise above the bookkeeping plane. But the chances are in his favor. He will be more than likely to master the practice of the bank and business forms with remarkable quickness. He will, in any event, prove infinitely more profitable to the bank than the raw youth who has never had his feet on the ground or demonstrated his power to do anything.

And the banks may have the trained young men

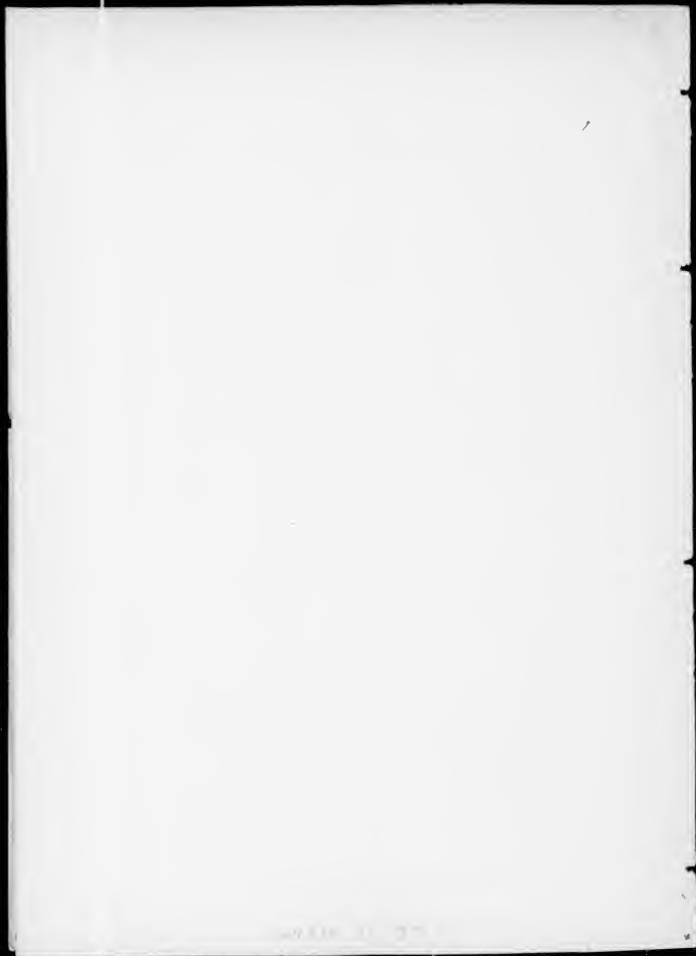
in plenty if they will. Boys are going from our colleges by the thousands, who only want a chance to try. If the banks will take no others, hundreds of these boys will shape themselves to the needs of the banking service with exactness. Do not the banks owe it to the people, to the interests of professional banking, and to the steady advance of the higher learning to remember and regard this?

The business which engages the attention of the members of this association must tax the minds and quicken the heart beats of the strongest men. Surely it claims the amplest provision for the future. You represent the city of the most marvelous growth and the most astonishing vigor in history. It has come to be the leading center of professional education in America. It is the natural, and perhaps the inevitable, site of the great business clearing-house of the nation. Yet, as history goes, that fair city is still in the springtime of her youth. The radiant beams of the rising sun still flush her confident and enthusiastic face. What is before her no one can tell. From that great city there stretches away to the west, and to the south, an imperial commonwealth. From the throne of our inland lakes the road is long to that point in the far away southland where the Ohio and the Mississippi join forces to give strength and splendor to their march to the sea. The soil of this great state is unequalled. The potent power, the commercial and relative value of these great acres will not be known for a hundred, and may not be known for a thousand years. The mining interests of the state are as yet hardly apprehended. The bright star which fixes the center of the nation's population, and that other and yet brighter star which fixes the center of the nation's productivity, will doubtless be located within our boundary lines by the index finger of the census of 1900. Across our territory there stretch the great highways of national and international travel and transportation. From north to south, and from east to west, our map is oftener crisscrossed with railway

lines than that of any other state in the Union, or that of any nation in the world. Manufactures flourish, for they find a ready market; they will enlarge, for the market is steadily widening. Education, elementary and advanced, is offered free to every home upon our soil. The people are unconventional, industrious, full of individual initiative, devotedly and patriotically proud of the State of Illinois. The outlook is all towards yet greater, and much greater things.

To set up the machinery for handling the exchanges for all this business, to maintain the integrity of the medium of exchange, to insure stability and inspire courage, to merit confidence and at the same time to maintain progress, must stir the red blood of the best of men. The proud place we have come to hold in the business world shows that it has already done so, and gives abundant promise that it will continue to do so.

It is well for kindred spirits to get together to compare notes, to discuss policies, and to set up ideals. It is fortunate, as it is well for you, for the overwhelming business interests which are so largely in your care, for the best development of the great constituency which the bankers of Illinois represent, and for the onward and upward march of the splendid commonwealth which we all hold in affectionate and patriotic esteem, that all the expressions of this association go to prove that the spirit of banking has changed under modern conditions; that banking is not a sordid business; that it is not a narrowing and a hardening occupation; but that it is the bulwark of the common security, the organ of the common prosperity, and the handmaid of the highest intellectual and ethical evolution of the body of the people.



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